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**By: Senator McFadden**

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation/ Economic and Environmental Affairs

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A BILL ENTITLED

1 AN ACT concerning

2 **Education - Board of School Commissioners of Baltimore City - Spending and Reporting**  
3 **Requirements**

4 FOR the purpose of requiring the Board of School Commissioners of Baltimore City to  
5 expend certain funds in a certain manner and to report certain transfers of funds to  
6 the City Council of Baltimore; authorizing the Board to expend certain other funds  
7 only with the approval of the fiscal authority of the City of Baltimore; requiring the  
8 Board to report to the City Council at certain times concerning certain expenditures  
9 in the annual school budget; requiring the Board of School Commissioners to  
10 include in the report any action of the Board that requires an increase of the  
11 amount of funding approved in any major category of the budget; and generally  
12 relating to spending and reporting requirements for the Board of School  
13 Commissioners of Baltimore City.

14 BY repealing and reenacting, without amendments,  
15 Article - Education  
16 Section 1-101(d) and 5-101(a) and (b)  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume)

19 BY repealing and reenacting, with amendments,  
20 Article - Education  
21 Section 5-105  
22 Annotated Code of Maryland  
23 (1997 Replacement Volume)

24 BY adding to  
25 Article - Education  
26 Section 5-106.1  
27 Annotated Code of Maryland  
28 (1997 Replacement Volume)

29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
30 MARYLAND, That the Laws of Maryland read as follows:

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1 **Article - Education**

2 1-101.

3 (d) "County board" means the board of education of a county and includes the  
4 Board of School Commissioners of Baltimore City.

5 5-101.

6 (a) (1) Subject to the rules and regulations of the State Board and with the  
7 advice of the county superintendent, each county board shall prepare an annual budget  
8 according to:

9 (i) The major categories listed in this section; and

10 (ii) Any other major category required by the State Board.

11 (2) In addition to the information required by this section, the county fiscal  
12 authorities may require the county board to provide details to the service areas and  
13 activities levels in the account structure within the "Financial Reporting Manual for  
14 Maryland Public Schools."

15 (3) With the annual budget, each county board shall provide:

16 (i) The number of full-time equivalent positions included within each  
17 major category; and

18 (ii) A description of any fund balances or other moneys held by any  
19 outside source, including an insurer, that are undesignated or unreserved and are under  
20 the direction and control of the county board.

21 (b) The budget shall be prepared to include the following categories:

22 **Part I**

23 (1) Current expense fund, estimated receipts:

24 (i) Revenue from local sources;

25 (ii) Revenue from State sources;

26 (iii) Revenue from federal sources;

27 (iv) Unliquidated surplus, the actual from the previous fiscal year and  
28 the estimated from the current fiscal year, whether accrued from revenues or  
29 expenditures; and

30 (v) Revenue from all other sources with identification of the source.

31 (2) Current expense fund, requested appropriations:

32 (i) Administration, which means those activities associated with the  
33 general regulations, direction, and control of the county board, including:

34 1. Executive administration;

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1                                   2. Business support services; and

2                                   3. Centralized support services;

3                                   (ii) Mid-level administration, including:

4                                   1. The office of the school principal; and

5                                   2. Staff providing administration and supervision to the school  
6 instructional programs;

7                                   (iii) Instructional salaries, which means those activities which deal  
8 directly with teaching students, including:

9                                   1. Teachers;

10                                  2. Aides;

11                                  3. Psychological personnel;

12                                  4. Guidance counselors; and

13                                  5. Library personnel;

14                                  (iv) Textbooks and classroom instructional supplies;

15                                  (v) Other instructional costs;

16                                  (vi) Special education with subcategories and items budgeted in this  
17 category to be determined by the State Board with the advice of the county board;

18                                  (vii) Student personnel services;

19                                  (viii) Health services;

20                                  (ix) Student transportation;

21                                  (x) Operation of plant and equipment;

22                                  (xi) Maintenance of plant;

23                                  (xii) Fixed charges;

24                                  (xiii) Food services; and

25                                  (xiv) Capital outlay.

26                                  Part II

27                                  (3) School construction fund, estimated receipts:

28                                  (i) Revenue from local sources;

29                                  (ii) Sale of bonds;

30                                  (iii) State General Public School Construction Loan;

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1 (iv) Revenue from State sources;

2 (v) Revenue from federal sources;

3 (vi) Unliquidated surplus, the actual from the previous fiscal year and  
4 the estimated for the current fiscal year, whether accrued from revenues or expenditures;  
5 and

6 (vii) Funds from all other sources, with identification of the source.

7 (4) School Construction Fund, requested appropriations:

8 (i) Land for school sites;

9 (ii) Buildings and the equipment that will be an integral part of a  
10 building by project;

11 (iii) School site improvement by project;

12 (iv) Remodeling by project;

13 (v) Additional equipment by project; and

14 (vi) Debt service.

15 5-105.

16 [(a) This section does not apply to Baltimore City.]

17 [(b)] (A) All revenues received by a county board shall be spent by the board in  
18 accordance with the major categories of its annual budget as provided under § 5-101 of  
19 this subtitle.

20 [(c)] (B) (1) (i) A transfer may be made within the major categories without  
21 recourse to the county commissioners, [or] county council, OR THE CITY COUNCIL OF  
22 BALTIMORE, except that a report of the transfer shall be submitted to the county  
23 commissioners, [or] county council, OR THE CITY COUNCIL OF BALTIMORE within 15  
24 days after the end of each month.

25 (ii) A report under subparagraph (i) of this paragraph shall include a  
26 narrative summary that clearly indicates each transfer.

27 (2) A transfer between major categories shall be made only with the  
28 approval of the county commissioners, [or] county council, OR THE CITY COUNCIL OF  
29 BALTIMORE.

30 (3) If the county commissioners, [or] county council, OR THE CITY  
31 COUNCIL OF BALTIMORE fail to take action on a request for transfer between major  
32 categories within 30 days after the receipt of a written request substantiating the transfer,  
33 the failure to take action constitutes approval.

34 (4) A county board shall submit to the county governing body a report  
35 within 15 days after the end of each month if during that month the county board takes  
36 any action that would commit the county board to spend more for the current fiscal year  
37 in any major category than the amount approved in the annual budget for that category.

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1 (5) A report under paragraph (4) of this subsection shall include a narrative  
2 explanation of the action taken, indicating any request for transfer between categories  
3 that may become necessary for the fiscal year as a result of the action.

4 [(d)] (C) Nonlocal funds received by a county board after the adoption of the  
5 annual budget by the [county] fiscal authority OF A COUNTY OR OF THE CITY OF  
6 BALTIMORE may be spent by the county board if the [county] fiscal authority OF THE  
7 COUNTY OR OF THE CITY OF BALTIMORE is notified and approves of:

8 (1) The source and amount of the funds; and

9 (2) The manner of spending the funds.

10 5-106.1.

11 (A) ON OR BEFORE NOVEMBER 1 AND MARCH 1 OF EACH FISCAL YEAR, THE  
12 BOARD OF SCHOOL COMMISSIONERS OF BALTIMORE CITY SHALL SUBMIT TO THE  
13 CITY COUNCIL OF BALTIMORE A REPORT THAT LISTS IN DETAIL ALL EXPENDITURES  
14 WITHIN THE MAJOR CATEGORIES OF ITS ANNUAL BUDGET.

15 (B) THE REPORT ALSO SHALL INCLUDE ANY ACTION OF THE BOARD OF  
16 SCHOOL COMMISSIONERS THAT WOULD COMMIT THE CITY COUNCIL TO SPEND  
17 MORE IN A MAJOR CATEGORY FOR THE CURRENT FISCAL YEAR THAN THE AMOUNT  
18 APPROVED IN THE ANNUAL BUDGET FOR THE CURRENT FISCAL YEAR IN THAT  
19 CATEGORY.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 July 1, 1997.